

2.A OASDI: Effect of Current Earnings & Taxation of Benefits

Table 2.A32.—Taxation of Social Security benefits: Examples

Modified adjusted gross income ¹	Amount of benefits ²	One-half of bene- fits ²	Income to be compared with base amount	Relevant base amount ³	Income in excess of base amount	One-half of excess	85 percent of excess income	Lower of one-half of benefits, or one-half of income between upper and lower base amounts	85 percent of benefits	Taxable benefits included in gross income	
										If income does not exceed upper base amount— lesser of one-half of benefits or one-half of income over base amount	If income exceeds upper base amount— lesser of 85 percent of benefits or one-half of base amounts plus 85 percent of income over upper base amount
A	B	C	D = A + C	E	F = D - E	G = F / 2	H = .85 F	I	J = .85 B	K = Lesser of C or G	L = Lesser of J or I + H
Married filing jointly											
\$25,000	\$10,000	\$5,000	\$30,000	\$32,000	0	...	...	...	...	...	...
\$28,000	10,000	5,000	33,000	32,000	\$1,000	\$500	...	...	...	\$500	...
\$33,000	10,000	5,000	38,000	32,000	6,000	3,000	...	...	...	3,000	...
\$38,000	10,000	5,000	43,000	32,000	11,000	5,500	...	...	...	5,000	...
\$40,000	10,000	5,000	45,000	44,000	1,000	...	\$850	\$5,000	\$8,500	...	\$5,850
\$43,000	10,000	5,000	48,000	44,000	4,000	...	3,400	5,000	8,500	...	8,400
\$45,000	10,000	5,000	50,000	44,000	6,000	...	5,100	5,000	8,500	...	8,500
Married filing separate returns ⁴											
0	\$6,000	\$3,000	\$3,000	0	\$3,000	...	\$2,550	0	\$5,100	...	\$2,550
\$2,000	6,000	3,000	5,000	0	5,000	...	4,250	0	5,100	...	4,250
\$4,000	6,000	3,000	7,000	0	7,000	...	5,950	0	5,100	...	5,100
\$10,000	6,000	3,000	13,000	0	13,000	...	11,050	0	5,100	...	5,100
\$20,000	6,000	3,000	23,000	0	23,000	...	19,550	0	5,100	...	5,100
Individuals in all other filing categories											
\$20,000	\$8,000	\$4,000	\$24,000	\$25,000	0	...	...	...	...	...	...
\$25,000	8,000	4,000	29,000	25,000	\$4,000	\$2,000	...	...	...	\$2,000	...
\$30,000	8,000	4,000	34,000	25,000	9,000	4,500	...	...	...	4,000	...
\$32,000	8,000	4,000	36,000	34,000	2,000	...	\$1,700	\$4,000	\$6,800	...	\$5,700
\$35,000	8,000	4,000	39,000	34,000	5,000	...	4,250	4,000	6,800	...	6,800
\$40,000	8,000	4,000	44,000	34,000	10,000	...	8,500	4,000	6,800	...	6,800

¹ Adjusted gross income (before Social Security or Railroad Retirement benefits are considered), plus tax-exempt interest income, with further modification of adjusted gross income in some cases involving certain tax provisions of limited applicability among the beneficiary population.

² Social Security and Tier 1 Railroad Retirement benefits, including workers' compensation benefits to the extent they cause a reduction in either of these two types of benefits.

³ For married couples filing joint returns, up to 50 percent of benefits are subject to income tax if gross income is over \$32,000 but less than \$44,000. If gross income is less than \$32,000, none of the Social Security benefits will be taxable.

If gross income exceeds \$44,000, up to 85 percent of Social Security benefits will be taxable income. Similar lower and upper level thresholds or "base amounts" for single individuals are \$25,000 and \$34,000. There is no similar threshold or base amount for married individuals who live together but file separate returns (for example, up to 85 percent of Social Security benefits in those cases may be considered taxable income).

⁴ Includes only married taxpayers filing separately who lived with their spouse at any time during the tax year; married individuals filing separately who did not live with their spouse are treated the same as unmarried individuals.